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SUBJECT: JORDANIAN TOURISM EXECUTIVES SHARE CONCERNS ABOUT INDUSTRY

REF: 07 AMMAN 3159

11. Summary: The World Economic Forum (WEF) in its second annual Travel and Tourism Competitiveness Report ranked Jordan 53rd out of 130 rated countries, a drop from 46th in 2007. During a conference sponsored by USAID, 200 tourism executives criticized the report's methodology and discussed the industry. Participants generally agreed that transportation and labor force issues were the greatest constraints to improvement. End Summary.

#### The Ratings

12. The WEF's second annual Travel and Tourism Competitiveness Report (TTCR) ranked Jordan 53rd out of 130 rated countries, a drop from its 46 rank in 2007. WEF Senior Economist Margareta Drezeniek largely attributed the drop to changes in the methodology and the addition of an "environmental sustainability" category in which Jordan scored poorly. The report is based on hard data (i.e., number of Open Skies agreements, number of hotel rooms, number of conferences and exhibitions) and on an attitudinal survey of business executives at multinational corporations.

13. Among 14 characteristics, Jordan ranked highest on the country's low HIV prevalence (1/13). Jordan also scored well on "affinity for travel and tourism" (9/130), which is a measure of how welcoming the country is to foreigners; "safety and security" (15/130), based on its low crime rate and the reliability of the police force, and on "prioritization of travel and tourism" (16/130), based on government expenditure and prioritization. Jordan received its lowest rankings on "availability of qualified labor" (94/130); "cultural resources" (91/130); "natural resources" (87/130); and "policy rules and regulations" (78/130).

14. Drezeniek said that Jordan's scores and rankings were in-line with other Middle Eastern countries. NOTE: Israel (35), Qatar (37), and Tunisia (39) were the highest ranked in the Middle East, while Libya (104) and Algeria (102) were the lowest ranked. Some Middle Eastern countries were not included. END NOTE. She also pointed out that Jordan would have difficulty surpassing OECD countries in categories such as education, healthcare, and information technology infrastructure. Drezeniek noted that across countries there is a very high correlation between one's score on the TTCR, and number of tourists and tourism revenue.

#### Conference Participants Criticize Methodology

15. Approximately 200 tourism industry executives reviewed the report results at a USAID-sponsored workshop on May 17. Participants had many criticisms about the methodology, which Drezeniek defended by pointing out that WEF needed to use data sources common to 130 countries. She said data came from the International Air Transport Association, the International Civil Aviation Organization, World

Trade Organization, and World Travel and Tourism Council (WTTC). Criticism was heaviest in categories where Jordan ranked poorly and where participants disagreed with the rank. For example, Jordan was ranked 124/130 on visa requirements, because it requires visas for visitors from all countries except Syria and Lebanon. Participants, while acknowledging the visa requirement, argued that it was not burdensome, especially relative to the difficulty in obtaining U.S. and British visas. Air France regional manager Michel Leboube told EconOff that his passengers have no troubles getting visas upon arrival at Queen Alia International Airport (QAIA) and that flight occupancy rates from Europe are rising.

¶6. Criticism was also vigorous for Jordan's low ranking on cultural and natural resources. Participants argued that Jordan's tourism is based upon its archaeological heritage sites and its natural resources, such as Wadi Rum and the Dead Sea. Drezeniek explained that the scoring is calculated using the number of UNESCO World Heritage cultural sites (Jordan has just three) and the number of natural sites (Jordan has none). Minister of Tourism and Antiquities Maha Khatib said that getting sites named as World Heritage sites is complicated, and requires a great deal of site planning. She noted that her office is currently focused on developing the Petra site, which is already one of Jordan's World Heritage sites (reftel).

¶7. Wild Jordan/Royal Society for the Conservation of Nature (RSCN) Director Chris Johnson agreed that World Heritage designation was difficult, but he also argued that Jordan does not, in fact, sufficiently emphasize its natural resources. He noted that Jordan has just 4% of its land protected and that most countries have at least 10%. He also said that none of Jordan's parks meet international standards. He said 60,000 people visited RSCN's protected areas in 2007, and RSCN expects the number to rise. Johnson did question the survey's data on the number of total known species in Jordan and offered to provide better data.

#### Agreement That Tourism Transportation Needs Improvement

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¶8. Many participants agreed that transportation was one of the sector's largest challenges. President of the Jordanian Restaurant Association Zaid Goussous said that the ranking for Jordan was actually too high because domestic transportation is "very difficult." An official from the Ministry of Transportation (MOT) responded that there was a difference between the "quality of transportation" and the "availability of public transportation." He said that while Jordan does not have an efficient public transportation system, it does have good tourist bus service, efficient rental car services, and numerous taxis. Several participants disagreed with the official's assessment that the transportation was adequate. Najati Shakhshir, General Manager of Jordan's Hertz car rental franchise, said that Jordan has good private transportation, but he criticized the law forbidding private bus shuttle services to transport passengers from the airport to Amman, which he believed would be useful and lucrative.

¶9. National carrier Royal Jordanian Airline President Samer Majali said that Jordan is pursuing Open Skies agreements with many countries to improve its air transportation accessibility. He said that Jordan has agreements with the U.S., Europe, and much of the Arab world, but that some Gulf governments with government-supported carriers have been resistant. Majali added that while the goal of Open Skies agreements is to bring air travel to the masses, aviation continues to be taxed in Jordan as a luxury with very high departure taxes. He said there are large policy differences between the desire for Open Skies agreements and tax policy for aviation, especially relative to other modes of transportation.

¶10. Participants also discussed other forms of transportation. When asked about the possibility of rail in Jordan, the MOT official said that the Hejaz railway system is very old and not suitable for expansion, but that the government is hopeful that a Zarqa-Amman light rail system could be ready in two years. While this light rail project was previously awarded and then cancelled, the official said new investors were involved. Shadi Ramzi Al Majali, General Manager of Saraya Aqaba, a real estate developer, said that Jordan also needs to examine its passenger sea transport options.

¶11. A wide range of participants said that recruiting a well-trained, English-speaking workforce was their top concern. A representative from the USAID-funded Jordan Tourism Development Project (JTDP) said that many ministries are working on this problem, and that eleven vocational centers are producing 1,200 hospitality graduates per year but the industry needs 5,000 per year. One official from Petra said that even vocational program graduates often lack needed skills. He was particularly concerned about the poor English skills of students who have graduated from tour guide programs. An official from the Ministry of Higher Education said that Jordan was trying to increase the number of universities offering hotel management but that universities struggle to recruit instructors. Dr. Ziad Al-Saad, a dean at Al Hussein Bin Talal University, said that women in particular need to be encouraged to study hotel management. He said his university, which has three tourism related disciplines, only has two female students studying hotel management.

#### Governmental Role -----

¶12. USAID's JTDP Chief of Party said that many government agencies will need to be involved in Jordan's efforts to improve the tourism sector and improve Jordan's ranking. Secretary General of the Ministry of Tourism Farouk Al-Hadidi said that after Jordan's rank fell in 2008, he received several calls from Gulf investors looking for an explanation. Minister Khatib said that the ministry and the private sector need to work together to create a regulatory environment without burdens; to identify focused government investments; to invest in human capital; and to better inform the public of the role of tourism in Jordan's economy. She further suggested that participants form three committees matching WEF's structure to identify improvements. Former Minister of Tourism Munir Nassar reminded the audience that tourism is a very competitive worldwide market, and he urged the audience and the government to focus on those areas where improvements can be made, particularly on the cost to start a business.

¶13. Comment: Given the defensive tone of the meeting, participants were clearly disappointed with Jordan's ranking, and particularly the fall from 2007 to 2008. The time spent discussing areas for improvement was dwarfed by the time spent criticizing the methodology. However, Jordan's tourism sites provide uneven experiences. Jordan has beautiful five-star hotels that sometimes fail to provide five-star service. Jordan's top attraction Petra has an unappealing visitor center with little interpretation and few features, and Petra is difficult to visit without private transportation. The handicraft shops at the new visitor center in Wadi Rum often take in less than \$100 per week because of poor merchandising. Many tourism sites which received U.S. and European aid for their development quickly show signs of wear due to a lack of sufficient maintenance. USAID's efforts to develop Jordan's tourism workforce are indeed needed, but so are other investments in tourism infrastructure and particularly its maintenance if Jordan truly aims to increase its rank and expand its tourism sector.

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